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RJR Profitability
1995 Retail Partners Program

Source: https://www.industrydocuments.ucsf.edu/docs/rrby0000

RJR Profitability

Background: RJR Merchandising Contracts have changed effective April 1, 1995 to reflect payment for (RJR) weekly volume.

Objective: Support rationale behind development of new Contracts.

Source: https://www.industrydocuments.ucsf.edu/docs/rrby0000

Call Examples

① Bill's Market: 16 RJR cartons weekly/VAP only

② Joe's Market: 18 RJR cartons weekly/1994 Base
Multiple Semi-Permanent Contracts

③ Ted's Market: 18 RJR cartons weekly/1995 Base

④ Ralph's Market: 27 RJR cartons weekly/1995 Base

⑤ Fred's Market: 36 RJR cartons weekly/1995 Base

⑥ Audrey's Market: 45 RJR cartons weekly/1995 Base

Note: All Base accounts with average monthly promotions.
All 1995 Base accounts with Co-Marketing.

Source: https://www.industrydocuments.ucsf.edu/docs/rrby0000

Profitability Comparison

Account	RJR Volume	Promo/Contract Costs	Annual Profit	Per Ctn Spending*
Bill's Mkt.	16	$ 9.50	$ 3,786	$ .14
Joe's Mkt.	18	$ 202	$ 1,866	$ 2.59
Ted's Mkt.	18	$ 132	$ 2,706	$ 1.69
Ralph's Mkt.	27	$ 174	$ 4,412	$ 1.49
Fred's Mkt.	36	$ 217	$ 5,716	$ 1.39
Audrey's	45	$ 244	$ 7,472	$ 1.25

*Source: RJR Toolkit- Profitability Program

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Conclusions

- In lower volume retail outlets RJR Profitability is negatively affected by high contract payments and promotional spending.
- VAP and DPC can be an effective tool in low volume calls to maintain promotional presence and ensure profitability.
- As RJR volume increases merchandising and promotional costs have less of an effect on profitability.
- RJR should have contractual presence in those calls with:
  - Supporting weekly volume
  - Future potential (investment spending)

Where we can be profitable both today and tomorrow

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